

ANNALY CAPITAL MANAGEMENT INC  
Form 10-Q  
November 02, 2018  
CONFIDENTIAL DRAFT V4

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 1-13447

ANNALY CAPITAL MANAGEMENT, INC.  
(Exact Name of Registrant as Specified in its Charter)

MARYLAND  
(State or other jurisdiction of  
incorporation or organization)

22-3479661  
(IRS Employer Identification No.)

1211 AVENUE OF THE AMERICAS  
NEW YORK, NY 10036  
(Address of principal executive offices)

10036  
(Zip Code)

(212) 696-0100  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes  No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the last practicable date:

Class	Outstanding at October 31, 2018
Common Stock, \$.01 par value	1,313,722,699

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

ANNALY CAPITAL MANAGEMENT, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except per share data)

	September 30, 2018 (Unaudited)	December 31, 2017 <sup>(1)</sup>
<b>ASSETS</b>		
Cash and cash equivalents (includes pledged assets \$924,891 and \$579,213, respectively) <sup>(2)</sup>	\$ 1,082,747	\$ 706,589
Securities (includes pledged assets of \$84,613,575 and \$84,752,790, respectively) <sup>(3)</sup>	91,338,611	92,563,572
Loans (includes pledged assets of \$2,519,340 and \$1,811,062, respectively)	4,224,203	2,999,148
Mortgage servicing rights (includes pledged assets of \$2,958 and \$5,224, respectively)	588,833	580,860
Assets transferred or pledged to securitization vehicles	4,287,821	3,306,133
Real estate, net	753,014	485,953
Derivative assets	404,841	313,885
Reverse repurchase agreements	1,234,704	—
Receivable for unsettled trades	1,266,840	1,232
Interest receivable	347,278	323,526
Goodwill and intangible assets, net	103,043	95,035
Other assets	329,868	384,117
<b>Total assets</b>	<b>\$ 105,961,803</b>	<b>\$ 101,760,050</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Repurchase agreements	\$ 79,073,026	\$ 77,696,343
Other secured financing	4,108,547	3,837,528
Debt issued by securitization vehicles	3,799,542	2,971,771
Mortgages payable	511,588	309,686
Derivative liabilities	379,794	607,854
Payable for unsettled trades	2,505,428	656,581
Interest payable	399,605	253,068
Dividends payable	102,811	347,876
Other liabilities	125,606	207,770
<b>Total liabilities</b>	<b>91,005,947</b>	<b>86,888,477</b>
<b>Stockholders' Equity:</b>		
Preferred stock, par value \$0.01 per share, 75,950,000 and 70,700,000 authorized, 73,400,000 and 70,700,000 issued and outstanding, respectively	1,778,168	1,720,381
	13,031	11,596

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Common stock, par value \$0.01 per share, 1,924,050,000 and 1,929,300,000 authorized, 1,303,079,555 and 1,159,585,078 issued and outstanding, respectively		
Additional paid-in capital	18,793,706	17,221,265
Accumulated other comprehensive income (loss)	(3,822,956 )	(1,126,020 )
Accumulated deficit	(1,811,955 )	(2,961,749 )
Total stockholders' equity	14,949,994	14,865,473
Noncontrolling interests	5,862	6,100
Total equity	14,955,856	14,871,573
Total liabilities and equity	\$105,961,803	\$101,760,050

(1) Derived from the audited consolidated financial statements at Decemb